

Message Text

CONFIDENTIAL

PAGE 01 MEXICO 13030 090136Z

41

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

COME-00 /076 W

----- 001515

R 090025Z OCT 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 7963

C O N F I D E N T I A L MEXICO 13030

E.O. 11652: GDS

TAGS: EINV, MX

SUBJECT: AMBASSADOR'S CONVERSATION WITH BANCO DE COMERCIO
OFFICIAL AND RUMORS ON FINANCIAL ORGANIZATION IN JLP
ADMINISTRATION

1. I HAD LUNCH OCT 7 WITH ALVARO CONDE, MANAGING DIRECTOR OF
BANCO DE COMERCIO AND INTIMATE OF MANUEL ESPINOSA IGLESIAS,
PRESIDENT OF THAT BANK. GENERALLY CONVERSATION CONFIRMED
PREVIOUS EMBASSY REPORTING.

2. BANKERS WERE BITTER ABOUT DEVALUATION AND INITIALLY DID
NOT CONSIDER IT ABSOLUTELY NECESSARY, AND FELT GRIEVOUSLY
MISLED BY GOVERNMENT ASSURANCES. ECHEVERRIA POLICIES AND
MISHANDLING BLAMED; AND MOST ARE OPTIMISTIC RE LOPEZ PORTILLO.
WHILE AMOUNT OF DEVALUATION WAS MORE THAN WAS NECESSARY,
THIS DID PROVIDE A CUSHION AND WITH WAGE AND PRICE INCREASE
ALLOWED BY GOVERNMENT, CURRENT PESO RATE MAY BECOME APPROP-
RIATE AND COULD EVEN ABSORB SOME ECHEVERRIA RHETORIC. NOT
TOO MUCH OF LATTER, HOWEVER, AS LACK OF CONFIDENCE IN CUR-
RENT ADMINISTRATION IS THE MAIN ECONOMIC PROBLEM. MONEY IS
STILL FLOWING OUT OF MEXICO BUT AT MUCH SLOWER RATE THAN
BEFORE DEVALUATION. RUN OF SEPT. 15-20 (MEXICO 11953) HAD
EXHAUSTED CURRENCY RESERVES OF MANY BANKS AND ALTHOUGH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 13030 090136Z

WITHDRAWALS FROM BANKS HAD EITHER STOPPED OR REVERSED THERE

WAS STILL AN OUTFLOW FROM SAVINGS INSTITUTIONS. MOST OF THIS WAS QUOTE SUITCASE UNQUOTE MONEY AND WILL COME BACK WHEN CONFIDENCE INCREASES IN THE NEW ADMINISTRATION. HOWEVER, FURTHER RASH ACTS OR STATEMENTS BY PRESIDENT ECHEVERRIA COULD SET OFF ANOTHER RUN, AND THE TRANSITION PERIOD TILL DEC 1 IS LOOKED ON WITH GREATEST TREPIDATION.

3. ALVARO CONDE'S VIEWS SUPPORTED WHAT I HAVE HEARD FROM OTHER SOURCES THAT ORTIZ MENA BEING CONSIDERED FOR A SUPER MINISTERIAL COORDINATING ECON/FINANCE POST IN NEW LOPEZ PORTILLO CABINET. THESE MAY BE RUMORS AND ALSO PRESUPPOSES THAT JLP CAN PUT HIS GOVERNMENTAL REORGANIZATION WITH ITS SUPER-MINISTRY'S CONCEPT INTO EFFECT AND WE NOW HEAR THAT PLAN HAS BEEN SHELVED FOR AT LEAST SIX MONTHS. ORTIZ MENA, HOWEVER, IS WIDELY CONSIDERED THE RIGHT MAN TO RESTORE CONFIDENCE IN THE MEXICAN ECONOMY, ENJOYING AS HE DOES WIDESPREAD RESPECT BOTH AT HOME AND ABROAD. MOREOVER, HIS RATHER POWERFUL WIFE IS EAGER TO RETURN TO MEXICO AND HAS BEEN FIXING UP THE FAMILY HOME IN RECENT WEEKS. PRESENT FINANCE MINISTER, RAMON BETETA (AND PERHAPS EVEN CENTRAL BANK PRESIDENT, FERNANDEZ HURTADO), ARE CONSIDERED TOO BADLY "BURNED" BY FACT OF DEVALUATION AND SUBSEQUENT MIS-HANDLING TO MAINTAIN CONFIDENCE IF THEY REMAIN IN POSITION OF RESPONSIBILITY. AMBASSADOR DE OLLOQUI AND JESUS RODRIGUEZ Y RODRIGUEZ (OF IDB) HAVE BEEN MENTIONED IN SUBORDINATE POSITIONS TO ORTIZ MENA FORMING A COMPACT CONGENIAL TEAM.
JOVA

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, BANKERS, DIPLOMATIC DISCUSSIONS, DEVALUATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MEXICO13030
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760381-1192
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761064/aaaacdzp.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUL 2004 by BoyleJA>; APPROVED <03 NOV 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMBASSADOR'S CONVERSATION WITH BANCO DE COMERCIO OFFICIAL AND RUMORS ON FINANCIAL ORGANIZATION IN JLP
ADMINISTRATION
TAGS: EINV, MX
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006